

COST *and* MANAGEMENT

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Factory Organization

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(An address before Montreal Chapter, February 10, 1928.)

MR. OLIVER SHELDON, in his book, "Philosophy of Management," says: "There are three terms, constantly recurrent in the treatment of the structure of industry, which it is important to define with some exactitude—Administration, Management, and Organization. Though frequently treated as almost synonymous the three terms, if not easily separable, at any rate should convey quite distinct impressions."

"Administration is the function of industry concerned in the determination of corporate policy, the co-ordination of finance, production, and distribution, the settlement of the compass of the organization, and the ultimate control of the executive."

"Management proper is the function in industry concerned in the execution of policy, within limits set up by the administration, and the employment of the organization for the particular objects set before it."

"Organization is the process of so combining the work which individuals have to perform with the faculties necessary for its execution that the duties, so formed, provide the best channels for the efficient, systematic, positive, and co-ordinated application of the available effort."

"Organization is the formation of an effective machine; management, of an effective executive; administration, of an effective direction. Administration determines the organization; management uses it. Administration defines the goal; management strives towards it. Organization is the machine of management in its achievement of the ends determined by administration."

The problem of organization then is to build the most efficient machine possible for the use of management.

Doctor Harlow S. Person, Director of the Taylor Society, finds this view slightly mechanical. He says: "I cannot see it as a separate thing like that; to me organization is a system of relationships of which administration and

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management are a part; a system of relationships between things to be done, means of doing the things to be done, and the doing persons. This system of relationships is inherent in the nature of the enterprise, in the purpose and the technical means for achieving it; and the forming of an organization consists, not in creating something new, but in analyzing the nature of the enterprise and discovering thereby what the inherent functional elements decree the organization must be. Organization, therefore, must be functional."

"Even so-called military organization in industry is functional in its broader aspects. The division between general management (co-ordination), financial management, sales management and production management in manufacturing is functional, is inherent in the nature of manufacturing; so also the distinction in a department store between general management, financial management, merchandising management, store management, and advertising is functional, is inherent in the nature of that sort of enterprise. To that extent enterprises of these classes have consciously or unconsciously analyzed purpose, means of achieving the purpose, and responsibilities to be assumed by persons in utilizing the means, and in that analysis have discovered the broader aspects of functional organization. Most enterprises, however, have not gone farther than that. The term functional organization, as now generally accepted, is applied to enterprises which have made such an analysis complete and have discovered and delineated the system of relationships inherent in the enterprise to the nth degree."

"For instance, we decide to establish an enterprise to accomplish a certain purpose. We analyze the purpose and the means of accomplishing it. We find four grand classes of means—or actions—involved, A, B, C, and D. Pushing the analysis further we analyze A, B, C, and D, and discover that A, for instance, breaks down into E, F, G, H, and I. Going further we find that E breaks down into J, K, and L. And so on. Finally we picture graphically the system of relationships our analysis has discovered, and we have a functional organization chart."

"The value of such an analysis and the resultant portrayal of relationships is that it makes for understanding of parts to be played by those who become participants in the enterprise. Each individual will be able to understand his task as a thing in itself and in its relationships."

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Dr. Person says in effect that when you have analyzed the enterprise the organization will be self evident. Here are the functions to be discharged, pick out the men to discharge them.

Perhaps this is going a little too far in simplifying Dr. Person's definition, but that is the drift of his remarks. I find this a little too simple. Certainly there must be analysis, but there must also be synthesis. After the enterprise has been analyzed into its constituent elements there must be some conscious arrangement of the elements into a structure, or machine as Sheldon calls it. The successful functioning of the machine will depend primarily on the accuracy of the analysis.

If we analyze any manufacturing industry we find it breaking up into three primary divisions: Finance, Production, and Distribution, or Sales. Taking the second of these, with which we are particularly concerned, and subjecting it to further analysis we find it breaking up into: design of the product; procuring a supply of material; securing and maintaining a supply of labour; and the actual manufacture. Manufacture may involve any or all of the following: Maintenance of equipment; generation and transmission of power; planning how, when, and where work is to be done; issuing orders and keeping records of time and cost of doing work; maintenance of standards in regard to product; storage of material and finished stock; transport of material and work in process.

The importance of these sub-divisions varies from one industry to another, but the analysis should show which of them are major and which are minor. They can then be grouped and charted. To do this suitable means should be given to the various functions and titles chosen for the individuals who are to discharge them.

At this point we have to take cognizance of the laws of organization. These laws are not universally recognized or formally codified, but they are gradually taking shape, and in another decade perhaps they will be recognized like the laws of mechanics are now. One of the most important functions in industry is supervision. Nearly every executive has to supervise the work of those of lower rank. The first law of organization says that the amount of supervision that any executive should be called upon to exercise is limited. This is generally expressed as follows: No major

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executive should have more than five minor executives reporting to him directly. The principle is sound whether the number be five or four or six. If too much of an executive's time is taken up with supervision he will not be able to initiate and direct the carrying out of the policies that progress demands. This has a direct effect on the grouping of functions, for if there are too many major ones the chief executive will have to delegate the supervision of some of them to someone else.

If the primary functions are made the basis for the first grouping, with an executive in charge of each reporting to the chief, no trouble will be experienced on this score. But frequently some of the functions included in production are important enough to be placed by themselves with the responsible head reporting to the chief executive, and when this number gets too great a selection has to be made and a subgroup formed.

The functions in this category are: Design, purchasing, inspection, plant maintenance, power generation, and personnel. As stated above the importance of these depends on the nature of the enterprise so that their place will have to be decided for the particular case.

So far there has been no mention of the persons who are to discharge the various functions. The ideal way is to design the organization structure without reference to personalities. Functions should be grouped in the ideal way, keeping in mind the aim of the enterprise, and the things that arouse and maintain interest in the individual.

This matter of interest is worthy of more than passing mention. The grouping and allotment of functions should be such that the individual, who is responsible for their discharge, will have a chance to develop—in fact, will have to develop—and so be in line for something larger and better, both as to scope and as to financial reward. In other words, there should be no blind alley jobs. New functions are always developing owing to changes and advances and "live" men should have a chance to take on new ones allied to those they already have.

When the ideal structure has been formulated it should be put on paper preferably in chart form. Gaps and discrepancies show up more plainly, and the relations between the various groups can be more easily discerned from a chart than from the written page. If the chart is properly made the grading will also be easily recognized.

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In making such a chart the observation of certain rules will greatly increase its value. The first might be called the rule of uniformity. If the chart is designed to show functions it should show functions throughout and not have titles mixed up with them. The second is consistency. If in the first rank we have "divisions," let us choose some other name for the next lower, such as "departments." Or if titles are to be shown keep the same title for executives of equal rank, using a different title for those of lower rank. The third is: Keep functions or officials of equal importance on the same level on the chart. This last is more honored in the breach than in the observance, especially in charts shown in books, where lucidity is sacrificed to make them compact. Charts lose greatly in effectiveness when they are bunched up, and it is much better, when making them, to keep to the rule just laid down, even if they do tend to take on the shape of a typewriter ribbon.

Thus far we have considered only functional organization. As distinct from functional there is also line, or military organization. In line organization, work is not divided according to function except in the major divisions. In the minor divisions it is more or less haphazard. The duties to be performed are divided on traditional lines, and when an official gets overloaded with work he is given an assistant to whom he assigns a good deal of his detail work, but very little, if any, authority. The result is that he still has matters of all kinds being referred to him for sanction, taking up time that should be given to more important things. He still has to spread his activities over the whole field, and consequently it is covered very thinly. If his functions were divided and shared with another both he and his assistant could cover their portion of the field more thoroughly.

Pure examples of either functional or line organization are rare. Practically all enterprises are divided functionally at the top, but few carry it down to the lowest division. Mr. F. W. Taylor, in his scheme of shop management, used a functional organization entirely. It has been the experience of a good many firms, however, that it is an advantage for the worker to take his instructions from one man only so that in places where the greater part of the work is divided according to function this division is not carried beyond a certain point, below which it is divided on the line principle.

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With functional organization, involving a number of executives of equal rank, all charged with the supervision of the work of those on lower levels, very complete co-ordination of activities is necessary. Otherwise confusion and trouble with resultant inefficiency are bound to ensue.

Is Standardization of Organization possible? The quotation from Dr. Person would seem to indicate a negative answer to this question. Dean Walker, of the University of Kansas, shows a tendency in the affirmative direction, although he does not make use of the term standardization.

In his book, "Management Engineering," he divides industries into four groups according to the dominant factor in the quality of the product as follows:

1. Those in which the character of the product is determined almost wholly by the raw material employed, improved equipment being employed mainly for bettering the quality or lowering the cost. Examples of this group are flour mills, spinning mills, raw sugar mills, saw mills, etc.

2. Those in which the character of the product depends more directly upon the equipment than is the case with group one. Examples of this class are mills for the weaving of textiles, shoe factories, nail and wire mills, etc.

3. Those in which the character of the product depends upon the process, the same materials being susceptible of being worked up into different articles. The equipment is generally extensive and specialized, requiring expert supervision. In this class are included sugar refineries, oil refineries, pulp and paper mills, glass factories, steel mills, etc.

4. Those in which the character of the product depends upon the worker, combined with process, but dominated by the former. These industries are synthetical, usually producing a variety of products. Examples are furniture, clothing and machinery manufacturing, building of locomotives, ships, etc.

Dean Walker goes on to say that this classification forms a basis for choosing the type of organization that will be suitable for any industry. The type can then be modified to fit the particular case. The soundness of this claim depends on whether the industries in any one class do involve similar functions and relationships. A cursory examination would indicate that they do.

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In industries of the first group, for example, the equipment is generally standardized so that the chief problem is the proportioning of raw materials. This is equally true of a flour mill or a spinning mill. Subsidiary to this is the assignment of work to various lines of equipment and supervision of the attendants.

Evidently an analysis of the industries in any one group will reveal similar functions similarly related. Insofar as this is true, a typical organization plan will suit any enterprise in that group. So that for each of the four groups we may have a standard type of organization that will require only minor modifications for use in any particular case. (There will be more exceptions in group four on account of the complexity of the industries included.)

This is in line with the trend in other lines of engineering. For example, in Ontario, if the Hydro-Electric Commission is considering the extension of service into a new district, an engineer is sent out to make a survey of the district and its requirements, probable growth, distance from the main transmission line, etc. Then he returns to headquarters and makes his report. With this in hand another engineer decides that a type F station and a type H transmission line will fill the bill. They know just how much these will cost, and if the extension is decided on they order another station just like you would order a certain style of typewriter. The local site may require the floor plan to be reversed or a slight change in the foundation, but that is not material.

This does not result in the highest type of engineering, but it enables the community to profit by the discoveries that are constantly being made and increases the amenities of life. If industries can be classified and reduced to a number of standard types with a suitable organization for each type it will enable small enterprises to make a self analysis and check up their existing organization with the standard. This should result in a general average improvement in industrial organization.

When it comes to choosing the people to fill the positions indicated by the organization one is confronted by a real job. Without telling how to select them some of the difficulties of the task may be considered. The designing engineer in choosing the material for a machine member knows the characteristics of the various metals and the

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effect of various ingredients and treatment on their behaviour. He can choose the one best suited to his purpose and can specify its chemical composition and heat treatment so that he can predict what it will do within very narrow limits.

The industrial engineer in choosing someone to fill a certain position is at a great disadvantage. Psychologists are discovering some of the laws of behaviour, and biologists some of the laws of heredity, but we have not yet reached the stage where we can put a man into a testing machine and determine his reactions to various kinds of stresses. True we have intelligence tests, but what do they tell us? Chiefly how the tested one has made use of his educational advantages.

The only satisfactory way to test a man's capabilities is by subjecting him to the actual conditions. If we are building up a new enterprise we will have to get men who have been successful in other enterprises of a similar nature. In the going concern we must train them and give them a chance to show what they can do.

There are two opposing views about fitting the position and the man. One group says find the man to fit the position and the other says fit the position to the man. When the man can be found to fit the position all well and good, but if he cannot be found it is foolish to try to make a man accommodate himself to a position he is not fitted for. We are not speaking now of total misfits or failures, but of men with outstanding qualities who perhaps have not all the qualities necessary for the job. Very often a rearrangement of positions can be made so that advantage can be taken of a man's good qualities without doing harm to the industrial structure, or hindering its proper functioning..

Some of our large corporations make a practice of trying men in different positions when in the formative stage to discover where they can do the best work. This is a very good plan, but is not feasible for small enterprises. Some others make promotion dependent on the existence of an understudy capable of filling the position of the one promoted. This is a good plan, but it has dangerous possibilities, as the existence of the understudy may be used as a club to keep the superior "in his place."

The spirit which animates the personnel is of far more importance than the form of organization. One can find

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plenty of enterprises with defective organization that are functioning very successfully and others, with an organization plan that looks perfect on paper, that are failures. The difference is due to the spirit that animates the enterprise. If the chief executive is animated by a genuine interest in all his staff and looks on them as co-operators in the enterprise rather than as subordinates who are there to do his will they will soon be aware of the fact and act accordingly.

I like Dr. Person's idea of organization for the bearing it has on the spirit of the enterprise. If everyone, beginning with the chief executive, can get the idea that the designer of the enterprise after a thorough analysis allotted to him certain functions or duties, and that the successful conduct of it depends on the proper discharge of those functions, a long step on the road to success will have been taken.

Mr. Whiting Williams has emphasized the importance of the job to the man in the ranks. He tells how he observed that when men congregated together they talked about the importance of their jobs, each one trying to establish his status by the importance of the job he was holding at the time or that he had formerly held.

This is equally true of the salaried man. We all like to feel that we are necessary to the successful functioning of the institution with which we are connected. And if we are any good we are necessary, and we know whether we are or not. We all know, too, what a difference it makes to us when someone addresses us as a necessary and integral part of the concern instead of as a minor factor of no consequence.

With the increasing size of industrial enterprises it is becoming more and more necessary to find some influence to counteract the tendency of those engaged in them to look upon them as just a means of livelihood where they have to put in so much time and do so much work to draw their pay. If they can be enabled to see it as a great co-operative undertaking fulfilling some necessary place in the community it will be to the advantage of all.

Cost of Distribution and Its Control

By W. A. McCAFFREY

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(An address before Toronto Chapter, February 8, 1928.)

THE science of cost accounting both for the factory and selling organization seems to me to be very similar to the signal service in the war, of which I can speak with first hand knowledge. The signal service, as probably some of you know, is considered the nerve centre of the army organization. It is the most important branch of military service because it reaches out and connects every unit in the field of operation and permits all information to be flashed by one means or another from the front lines to the army headquarters or from headquarters to every unit in the field, whether it be artillery, infantry, ordinance, hospital or transport. Any one unit in itself would not constitute an army any more than a purchasing department, engineering, sales or credit department would constitute a manufacturing organization. It is, therefore, just as necessary in business to have a cost service to link up all the departments as it was in the army to have a signal service. It is to the cost department that all other branches of the factory organization must turn to get their information. The purchasing department must turn to the cost man to find out how his material has worked into the finished article; particularly is this true of lumber. The sales engineer must turn to the cost department to find his completed cost so that he can estimate future selling prices. The factory superintendent and plant superintendents must turn to him to learn their department and plant expenses as well as their unit labour costs. The accounting department must turn to him to find his cost of finished product, which constitutes his stock inventories, and as you will know the inventories of saleable stock is a very important item with your banker. The banker is not particularly interested in your plant and equipment when you want a loan, but he is very much interested in your liquid assets, of which the inventory of your finished stock is a most important item, and, lastly, just as the general of an army depended on his signal service to

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bring him in all information from the various units, so also does the managing director depend on the cost department and accounting department to furnish him with the information, department by department and branch by branch, so that he can put his finger on the weak spots of his organization and be able to correct any fault before it becomes too late. Therefore, that is why I say a cost service is similar to a signal service. It is not the whole organization in itself, but it plays the part of the nerve centre in the modern business world, though it cannot boast of any spectacular event like a salesman who captures a large order or a purchasing agent who happens to purchase some raw material at a lower price because probably some cost accountant with the co-operation of his factory superintendent has been able to lower his production costs and consequently able to allow his selling force to lower their prices. These spectacular events are very much like the barrage the artillery used to put over—it was very effective and supporting, though sometimes their shells fell in their own front line trenches. However, we as Cost Accountants must be content to carry on and show by our smoothly running system the correct results of the year's operations, and if the company has lost money, not to be afraid to point it out, though it might hurt someone's feelings. On the other hand, if the company has made money, the cost figures should show it and where the profits were made, and not be like one company I heard of whose cost man showed a considerable loss, but the manager was quite pleased with the surplus in the bank at the end of the year.

If you will bear with me for a few moments I would like to give you an idea of the articles we manufacture, not, I assure you, in any sense of advertising, but that you might get a better idea of the problems we have in handling our costs, both factory and selling. Generally speaking, we make everything in the line of office furniture and equipment in all three materials—steel, paper and wood. We make the partitions and counters that surround your offices in steel and wood. We make desks, tables and all filing cabinets in both steel and wood. We make safes in steel in every size from small to our large underwriters' B Label Safe. We make numerous lines of office chairs from low priced ones to the De Luxe. We make full De Luxe suites in mahogany and walnut, consisting of desks, tables, book-

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cases, waste baskets and garment holders. We make all kinds and sizes of storage and transfer files in steel, paper and wood. We carry a complete line of steel stock-ware shelving. We cut, print and rule all our cards and guides in various sizes, grades and colours and make a complete line of folders for all needs. We also dry our own lumber, generate our own power, make our dies and we are also equipped to finish our steel goods in mahogany or oak finishes.

This will just give you some idea of our stock problem as well as the distribution of overhead and selling expenses. Our finished product varies so much in size, weight and value that a cubic foot of space could easily be taken by one article which weighs much less than another but might be ten times its value, and again we might have fifty thousand cards, which we sell either plain or printed—these would weigh exactly the same and take the same amount of space, but anyone who knows anything about the cost of printing can easily realize how much more valuable they would be if printed. We, therefore, do not go into any minute and costly method of distributing our selling expenses, but we spread them on the factory dollar cost of the article, which has proven over a number of years to have worked out satisfactorily.

Our factory is highly departmentized. We are divided into three plants—namely, steel, paper and wood, which in turn are broken into departments and numbered. Our non-productive departments are also numbered. This enables us to keep separate burden rates for each department and pro rate non-productive departments according to the benefits derived. Over a number of years it is surprising how closely these rates can be set so as to work out satisfactorily over a period of twelve months. I have just had a very successful year with my burden and standard rates, and while this is not exactly sales expense, yet my loss or gain, or in other words, my cost fluctuation, does affect the showing of the cost of sales and the information the sales manager derives from my figures determines his policy of setting selling prices and allowing of branch expenses. In the first half of the year we were showing small losses, but in the latter half business was so much better that we were able month by month to show small gains until our final

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figures showed a gain of $1/5$ of 1% of the cost of our total finished stock.

So much for our factory departments pertaining to factory costs. We also have factory departments that are chargeable to selling expenses. Our factory cost stops at the entrance to the stock room, or in the case of a special order to our shipping room door. These two departments absorb their share of factory expenses the same as other departments, but the total cost of these two departments is carried into the selling expenses at the end of each month.

Our selling organization is based on the same principles and outline as our factory organization. In place of departments we have branches, which are situated at Halifax, Quebec, Montreal, Ottawa, Toronto, Hamilton, Winnipeg, Regina, Calgary, Edmonton and Vancouver, so you will see we are a national organization, stretching from the Atlantic to the Pacific. We manufacture what we sell and distribute our products through our own stores, and we also have district salesmen. Naturally we must have a set policy on our prices. We have, therefore, divided the Dominion into three parts known as "E," "M," "W." "E" standing for anywhere between Quebec City and Fort William. "M" for the Maritime Provinces or all east of Quebec City and west of Fort William and as far as Regina, and "W" from west of Regina to the coast. You will find the prices of our articles are exactly the same in any store in their respective districts. I thought at first I could give the spread of some single article between manufacturing cost and selling cost, but I find it is next to impossible, as our goods are shipped mostly by carloads, but very often by open freight and sometimes express, while we deliver by truck from our factory to Toronto and Hamilton. All our branches are under the one supervisor at the home office in Newmarket, who reports to them their expenses monthly, and passes any criticism or makes what suggestions he thinks necessary. Every item of expense is recorded just the same as we do in factory costing. Some items are more or less permanent, such as rents, insurance, etc. Freight fluctuates according to the number of cars shipped. Telegrams and telephone service is a big item. Salesmen's commissions naturally fluctuate with a good or poor month. Salesmen and branch managers are allowed certain amounts of petty cash, and when vouchers for their expenses reach home office, cheques

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are at once forwarded to keep their cash up to the allowance. Each branch is charged with the advertising material sent them during the month. All these expense items are listed on a recapitulation sheet by the accountant for the supervisor of branches, who then deals directly with each individual branch and also reports to the managing director. These items are expressed in various coloured inks so as to make the fluctuating items stand out. Not a single item is omitted, as all bills are paid by the home office, and just as the factory takes care of all items of office expense pertaining to factory work and a fixed portion of the managing director's salary, so also does the selling expense take care of all home office departments pertaining to sales, as well as the balance of the managing director's salary. These reports show the percentage of monthly expense to the cost of the goods sold for our home office information, as well as the percentage to the selling price of goods sold for branch information, as they are not familiar with factory costs. Naturally this percentage varies anywhere from about 40% during a good business month to about 80% during a poor month, but you will readily see that a branch manager when he receives his monthly statement can tell at once whether he has paid his way, or if not, just where his expenses were high. Possibly his volume of sales is too low and the percentage of selling expense is around the 80% mark, and he soon realizes that some of his salesmen have fallen off to an alarming degree, and he can then re-check his daily report sent in by each salesman.

We have a set figure of per cent. of profit that we aim at attaining each month. Some months we accomplish it and some months we don't, but over a number of years there can be pretty closely established a per cent. of profit that we should be able to obtain providing we get our reasonable amount of the business that is going. From these figures of branch expense and factory expenses there is established the volume of sales each branch should have over a period of twelve months to meet their own expenses and to keep the factory on a production basis that will carry all their expenses and pay dividends. This amount is made the branch quotas and each branch is encouraged by prizes and inter-branch contests to make their quota every month. Very valuable prizes are set up and a great deal of interest is taken in these contests, which have undoubtedly helped

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to make our business what it is to-day—a position of which we are justly proud, as we are the largest manufacturers of office equipment in the British Empire, and one of the main reasons why we have been able to attain this position is because we do not kid ourselves that expenses do not exist, but we account for every penny that is spent either in the factory expense or the selling expense, whichever it belongs to, and at the end of every month we know exactly where we stand.

The Field of the Cost Accountant In the Lithographic Industry

By LEWIS RHODES, Cost Accountant,
*Consolidated Lithograph Manufacturing Co., Ltd.,
Montreal, P.Q.*

(An address given before a meeting of the Lithographic Cost Accountants of Quebec and Ontario, held in Toronto, March 26th, 1928.)

VOLUMES have been written and innumerable lectures given relative to those essentials that are requisite and necessary and which should be inherent in the mental makeup of an individual before he can consider himself capable of taking on the many and divers duties which a Cost Accountant in the course of his work is called upon to carry out; so the few remarks I have to make on the subject may appear somewhat redundant and an unnecessary addition to a field which is surely full to overflowing with ideas of men more capable than myself in expressing opinions on the subject.

The continuity of my discourse will not be all that could be desired. I will frankly admit the ideas I shall express will be conveyed to you in the same sequence that they come into my mind; however, as the title of my subject would imply, a discourse to adequately cover the complete field or activities of a Cost Accountant in the lithographic industry—a field which I may say is limited only according to the limitations and conceptions of the Cost Accountant himself, would require a series of talks that might be prolonged *ad infinitum*.

FIELD OF COST ACCOUNTANT IN LITHOGRAPHIC INDUSTRY

Before I proceed with the outlining of the duties or activities which form the Cost Accountant's daily dozen, let me first touch on those matters which form the fundamental reasons which call into being the services of a Cost Accountant. The reasons, of course, vary according to the individual plant or industry. One of the chief reasons, I believe, is that present day competition has made such inroads into the profits, or lack of profits to be more exact, that many businesses are faced with pecuniary difficulties that warrant some method through the medium of which may be ascertained definitely whether their profits are actual or imaginary. Unfortunately, in many instances the proposed cost system usually proves the straw on to which the drowning man clings with a hope of saving his life, and consequently too much is expected of it. Another reason, which to some may seem rather far fetched, is that of curiosity. Some concern has heard that a plant manufacturing a similar product may have experienced beneficial results through the installation of a cost system, and as those beneficial results referred to are literally taken as meaning increased profits—strange that some concerns consider that the only results worthy of recognition are those of increased profits—a cost system is forthwith proceeded with, the only object in view being that of larger profits. Needless to say, this type of business invariably meets with disappointing results, because cost systems in themselves do not beget increased profits, something more than a mere system is required. I will enlarge upon this point later on. The next type is that which has an honest desire to become acquainted with the actual cost of carrying on business and thereby enable themselves to arrange a justifiable price for the goods they manufacture.

Ours is an industry that owing to the nature of the product manufactured naturally concerns itself primarily with the cost of the individual job—a cost which in many instances is based upon standard hour rates—in order that we can establish a price that will prove equitable, yet at the same time allow of reasonable reimbursement for the expense incurred in executing the work in its production; but if we are carrying on the expense of a cost system for this purpose alone, even though the results might justify the extra expense, we are only making a partial and very incomplete use of the valuable material and data which is naturally collected. However, we must bear in mind that although it

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may be necessary to know what a piece of lithography costs, yet at the same time it is equally essential to be conversant with the relation between the actual cost and the price we ultimately hope to secure, after taking into consideration the fluctuation of the market through a state of competitiveness which governs certain of our products. There are those people of course who carry the functions of the system one step further than the job cost record, and consider that they have reached the apex of useful cost accounting when they are in a position to survey and compare the production of one period with another, but comparisons and percentages of production constitute only a mere "drop in the bucket" against a complete understanding of the various uses to which the data can be applied, if only a little intelligent application were resorted to. More will be said regarding this particular anon.

Now that I have dealt with a few of the reasons that illustrate the various attitudes which are responsible for the "toleration" of many cost systems, let me dwell for a few moments on what I consider are the essentials that make for a suitable environment in which to "grow" the system. First of all we must possess the seed of the idea, which must be a sane and proper understanding of why the cost system is being propagated, so to speak; then the next element is a suitable soil in which to plant the seed. Nothing, I believe, is more disheartening than to have an unsympathetic executive who acts as a sort of rock subsoil, which prevents the life-giving roots seeking after the sustenance which is necessary for the support of the costing tree, and who manifests his surprise and disgust at the diminutive fruit which it bears. When I say "unsympathetic" I mean by this that he makes no visible effort whereby some of the offending rocks may be removed. We have all come in contact with these "rocks" at some stage of our careers; as a rule they do not exist in the Cost Department itself, but in those departments which are in close affinity, however, and constantly prove palpably inadequate for the accomplishment of the duties to which they are assigned. For instance, if matters in the accounting branch of the business do not reach the required standard, if such items as selling expense and various other expense accounts that are to be included in costs for a certain month are delayed and not supplied to the Cost Department until the middle of the following month, it goes without saying that when the cost

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figures and data are completed and compiled, they are too late to be of any real value to an executive. Only too frequently do Executives overlook the fact that the Cost Department is in a large way responsible to the General Accounting staff for figures which furnish the means by which may be determined the results that Executives desire for administrative purposes, yet which are frequently delayed simply because they refrain from putting their houses in order.

I think we Cost Accountants are very often to blame for an Executive's lack of interest in our particular sphere of the organization; no doubt we may have faithfully rendered our returns at the end of the month, yet these returns have proved a veritable abracadabra of figures which to many Executives appear unintelligible and too intricate in their composition to warrant any effort being made at analyzing the results; consequently, the feeling has grown that the results attained by the efforts of the Cost Department only achieve a mediocre character, hence the failing interest which is manifested. We either do not realize or are too prone to forget, that many Executives have never received an adequate training sufficient to imbue them with a sense of the importance of information with which accurate data is pregnant; many men in executive positions nowadays are practical men who may be excellent in their capacity to supervise the processing of production, but are rather tardy in assimilating facts indicated by a group of figures. It would, therefore, appear that we could be of invaluable assistance to the Management, not only in making our monthly returns, but by providing a little training, which would perhaps serve the purpose of fertilizing his powers of absorption. I am somewhat sorry that it has never been my lot, however, to have had the opportunity of training an Executive; the pleasure of this is yet to be experienced!

There is always a tendency when beginning a new system to pay far too much attention to one particular phase of the undertaking, and not enough in other directions. While the main objective is constantly borne in mind, the smaller matters are overlooked. Too much attention is focussed on the costing tree itself, while its immediate surroundings are lost sight of until the weeds that have grown threaten to choke the system. If a sound healthy system is

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to be assured, the practice of weeding and pruning superfluous branches in their early stages will prevent hours of trouble which may be otherwise caused later on.

One of the greatest difficulties that stand in the path of many concerns, and which proves as a deterrent against the adoption of a cost system is that the large amount of detail involved in the compiling of costs is somewhat expensive; in many cases I am inclined to believe this is true. In our particular industry a great amount of detail is required, but this does not necessarily mean that an expensive and elaborate organization of cost finding is to be inaugurated; quite the opposite. The fault that manifests itself with a large number of systems is that a vast amount of detail is waded through in order that a desired figure may be arrived at, and then the detail thus collected is promptly forgotten and lost sight of. No further use is required or intended to be derived from its accumulation, either through a lack of knowing how to use it or an inadequate conception of what a cost system stands for, and for a concern to say that the great amount of detail involved in collecting cost data is solely the reason for its non-acceptance into the routine of an organization, seems to be somewhat foolish.

How are costs to be determined without detail? Detail is really the alphabet of cost accounting, and after all is said and done, when we lithographers have determined the cost of an individual job, our next procedure is to delve into the detail that comprises the producing of the job. What benefit is to be derived from the cost (particularly if it is on the high side) if a statement of the details which entered into the composition of those costs is not to be had?

This talk, gentlemen, is supposed to dwell on the "field" of a lithographic Cost Accountant; I have not yet touched upon it, there are so many things to say prior to dwelling on the actual "field" that I may not go so far in this afternoon's discourse. My intention is to treat on those essentials with which we should all be acquainted before proceeding with those of a more complex nature.

I think this is the first meeting held under the auspices of the Canadian Society of Cost Accountants, where a group of Cost Accountants of like industries have been given an opportunity of coming into contact, and where a diversity of views could be aired which might have a beneficial result in creating somewhat of a universal standard of cost finding

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as applied to the lithographic industry. Let us make full use of this opportunity.

When I first took up cost accounting one of the ideas that seemed to prevail uppermost in my mind for a time was that I had to collect data with the hope that some day it might prove as an agency through which I may possibly be able to cut costs down to a minimum, and by exercising constant vigilance keep the costs down to this desired minimum; however, this thought was soon banished and discarded because I found that the more I desired to keep down costs the greater was the tendency of those costs to increase and multiply. As business increased machinery and extra work-people were required, more power was used, more wages were paid, and the fixed charges were accordingly increased. As time went on I gradually changed my ideas, and now I consider that the most pressing need in our branch of cost accounting, not only in the individual plant, but in the industry as a whole, is that of standardization with a view to stabilization. We might almost call this need an ideal. It is a difficult matter holding on to an ideal tightly when there are those about us who have never sought an ideal, and cannot perceive the use of one, who are ever seeking the chance to destroy anything in the nature of an ideal that will tend to standardize in the smallest degree an industry which since their grandparents' days has proved a fairly profitable source of livelihood. Let it be understood thoroughly that the days of "rule of thumb" cost finding in the lithographic industry are quickly disappearing, and that sooner or later the time will come when those who have not foreseen and prepared for the advent of standardized cost finding will be found in very queer surroundings.

If standardization is to be of any use to us, we must look for a common denominator by which to work on; all the vulgar fractions must be converted into some workable unit whereby we can make some tangible progress towards the desired end.

How then is a common denominator to be arrived at? That is the question that such meetings as the present one are to decide. We cannot arrive at a common understanding through the deliberations of one meeting alone, but we *can* thrash out some of the debatable points which to some of us appear logical and yet to others appear irrelevant.

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Many of us have developed one particular system of cost finding which we find adequate and satisfactory to our individual plants, others have proceeded along a diversity of lines and have established what to them appears an equally satisfactory means of determining costs, yet the standards used differ in a surprising manner. Individually we may have standardized our own methods to suit ourselves. This factor, I believe, is where the stumbling block lies; we are self satisfied and perhaps reluctant (we may flatter ourselves and say we are conservative) to co-operate with others in establishing some universal standard, which on the one hand would be a means of providing a more satisfactory tool to the industry generally, but which on the other hand, however, may have the effect of making a few sundry changes in a number of systems we are using. In order that we may make progress in this matter of standardization, we must all get together and discuss matters which will tend to place the ideas and ideals of the industry on a common basis. We can only accomplish this by a kind of education, not an education of individuals alone, but by, shall I say, a schooling of districts, for we must not lose sight of the fact that conditions which govern one district may not prevail in adjacent districts; yet, prevailing conditions reigning in groups of districts are responsible for many of the conditions of manufacture which may exist in individual districts. They are inter-related and consequently inter-active. We must not be content, however, to wait for the Executives of our respective concerns to take the initiative in this matter of schooling, for after all the average Executive of a plant is usually too much occupied in matters directly pertaining to the present needs of business to spend much time in planning the future policies of a movement which only affects them in an indirect manner, yet if the advantages and desirability of such a movement were made clear to him he would no doubt express his willingness in assisting—through the agency of his Cost Accountant—any scheme that may be decided on in the furtherance of such a movement. The potential possibilities opened up for us are immense and cannot fail to be productive of wonderful results if we will but persevere.

I mentioned previously that one of the desired objectives of our profession was that of Stabilization. How is it possible to stabilize without standardization? Standardization must be acquired first. Stabilization will naturally

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follow. One of the chief objects which prompts the desire for standardization and stability in our branch of industry is that of price. Owing to the nature of the product manufactured it is an impossibility to determine a set price (except perhaps in the matter of letterheads and sundry items of commercial work) because each piece of lithography differs from the other, no two jobs are alike, and as we are not working on quantity production like many industries, we cannot arrive at a standard figure for a unit of finished product, therefore, the only means left open for us to determine what our selling price shall be is that of the chargeable hour. We are selling hours, and the difficulty lithographers experience in this regard is that the elements which comprise these chargeable hours are made up of varying substances.

It is true that costs do not always determine or govern selling prices, but nevertheless they illustrate where profits begin or end, and for firms of like industries who agree that the chargeable hour is the only way by which to determine the cost of a piece of lithography, and then disagree as to the fundamentals which enter into the make-up of this unit, naturally presents an unstable state of affairs and tends to jeopardize the stability of the industry. The field of the Cost Accountants engaged in the trade is that which will in any way help in deciding some of these long neglected points; one of the chief points being, I believe, that which deals with the question of overhead. So many opinions exist as to what should or should not be considered as overhead. There ought not to be any doubt or confusion on this point whatever; overhead consists of those expenses of a manufacturing concern which cannot be charged directly to a product or job, and then again a large part of these expenses bear the characteristics that they are relatively fixed; such items as rent and insurance, etc., fall into this category. It should be no difficult matter to decide whether or not any particular item should be considered as an overhead expense, yet I believe there are many doubts in this respect. The present is no time for doubts; the economic necessities of the lithographing industry to-day have given rise to new thoughts; many old ideas and customs have been found wanting and thrown into the discard, and current feelings in many directions manifest a desire for a readjustment of methods and ideas, not only in the factory—that end of the business does not concern us at the moment—

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but in that branch of the business which comes under our jurisdiction.

Management requires that a better standard of control and guidance be adopted, and in order to acquire such a desirable state, it is meet to use only information which is based upon ascertained facts, facts that have been built upon a sure foundation, facts that apply not only to the individual plant, but which also reflect certain conditions prevailing in similar industries, whose operations have a bearing on the market of the products made by those industries. Knowledge of this description is the only kind that can be of any material value in providing a proper regulation of executive control in the complexity of present day economic exigencies which confront the lithographer. Management has reached the scientific stage where careful and accurate data gathered from many sources in order that a complete superspective idea of the general conditions prevailing in a particular industry may be determined and analyzed. A chemist cannot analyze a substance and break it down into its constituent parts with a pick axe; proper apparatus or tools are required for the purpose. Why then should it be expected that an Executive be capable of analyzing conditions if adequate tools are not to be had? The day is gone when Executives entirely relied on their individual plant costs; these alone are inadequate unless a comparison can be made with the average costs of businesses engaged in manufacturing the same kind of product.

Now, what does all this suggest? Does it not imply that we lithographing Cost Accountants have an important duty to perform? What steps do we intend to take in performing this duty? We have got to bear in mind that although we are primarily interested in the affairs concerning our respective plants, yet a duty is expected of us that will tend towards placing the industry on a sounder level, and which when proceeded with in a proper spirit, when each individual Cost Accountant manifests his personal interest, accompanied with a desire towards a co-operative endeavour in striving to reach the desired end, then and only then will an atmosphere be created that cannot do other than promote better and stabilized conditions in the trade generally.

No matter how perfect cost systems may be, they are only of limited use to a business if the prevailing conditions of the general industry lack stability; conditions which are

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constantly aggravated through a lack of fostering co-operative effort in the interchange and expression of thoughts and ideas; expressions which, if only taken advantage of, would prove the means through which it would be possible to standardize cost finding and consequently stabilize selling prices. We all agree that the latter, combined with quality of production, are the factors that are responsible for the majority of orders being secured by our various concerns, orders which are necessary before we can set the machinery of an organization in motion; yet many orders are frequently lost owing to great variations in price.

Quoting from my own experience, on many occasions it has happened that contemporary concerns whose plants are not nearly so adequately equipped for coping with a certain type of job as our own may be, and who perhaps may have had to resort to the medium of hiring the job out to sundry other concerns before production was finally completed, but still these people are always able to quote a lower price than ourselves; we know, of course, that they are bound to make a loss and usually console ourselves with the knowledge that a severe lesson has been bought at a dear price. Instances of this kind serve to illustrate that injudicious price cutting prompted by an inadequate knowledge of costs only jeopardizes the litho industry, and has the effect of compelling manufacturers to accept orders even though they know that profits may prove scanty or entirely absent, yet the production of these orders serves the purpose of absorbing overhead costs that would be entirely lost were the plant idle. Of course, there are instances when it is possible to understand sometimes the reason why a manufacturer sells below cost; for instance, if a concern is assured of a particular kind of order that will be regular and of fairly large quantities, it is occasionally the practice to quote a price which is under the actual original cost of producing the job. The preliminary work such as sketching, designing and artist's work has only to be executed once, and with reasonable care the plates will stand up for a few runs and therefore eliminate a certain amount of transfer time, and with a certain amount of luck a concern may be able to reimburse itself through the production of subsequent repeat orders to cover the original charges; but even this is rather a risky policy. It is generally agreed upon by most business men of experience and judgment, that the policy of monopolizing a market through unfair

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prices at the expense of competitors, rarely meets with any large degree of success, but invariably ends in demoralizing, unstabilizing and on extreme occasions entirely bankrupting whole industries. This condition would be deplorable in the industry we are engaged in, but the time has arrived when a note of warning has to be sounded.

Now that we have dealt on a few of the subjects that enter into the field of the litho Cost Accountant, let us go a step further and make an effort in formulating some plan which may have the purpose of bringing us together with a view to discussing these matters. Our plan of action therefore, lies primarily in deciding some degree of uniformity among the methods of cost finding as applied to our industry; something that will—if generally accepted and adopted—prove a factor in exerting a helpful influence towards the betterment of conditions, and as time goes on will enable a manufacturer to conduct and guide his business in the most intelligent and profitable manner, inasmuch as he can compare his items of cost with the average figures of companies engaged in the same line of business.

When I say that we should decide upon some uniform method of cost finding, I do not imply that a standardization of forms be established; for that matter we could no doubt continue working with the forms and procedure which now hold in our respective systems. What I wish to convey, however, is that we decide on some basic principle and formulate specific plans whereby we can make for a uniform manner of distributing or allocating various fundamental charges, both direct and indirect, that will assist in a satisfactory development of cost rates. Should we be successful in an effort to establish uniformity in methods, we must not run away with the idea that we shall in this way arrive at a uniformity of costs, because uniform methods do not make uniform costs. The factors governing our various concerns differ considerably, and these variations such as the amount of equipment, degree of efficiency and location all reflect in the development of the final cost.

Before we can make any appreciable progress towards attaining uniform methods, perhaps we ought to determine whether or not our individual systems embody those principles that make for an adequate use being derived from their functioning; that the system is not gathering figures alone, but providing data which is put to practical purposes

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by utilizing it for the guidance of our respective concerns. We might say that a system to be of any real value, should embody three characteristics, namely: Constructive, Recording and Analytical. I suppose most of our systems possess the second characteristic, that of Recording. It would be interesting to know in how many systems the remaining two prevail! A constructive system allows of an analysis being made of the problems and functions of both the factory and cost department end, and assists in a visualization of the benefits that may be derived in adopting certain methods and routine, or by the creation and preparation of proper forms and records. My experience has always proved this branch to be the most difficult, because it is positively necessary before deciding on a new piece of routine, that a great deal of time and study has to be expended in viewing the various phases and angles affected by its adoption. One usually finds that many theoretical improvements in systematizing do not always work out when put into practice, and although the new idea may prove beneficial to one particular department, it invariably has the opposite effect on some other sphere of production, and a cost accountant who inaugurates routine that has a propensity for creating this undesirable state of affairs, is, to say the least, unwise. It only means that he has placed additional worries on his shoulders by having to find other means of ameliorating the distress existing in that department which derived no benefit by his "brain wave." This aspect of constructiveness is a most difficult one that requires originality, powers of reasoning and perception on the part of a Cost Accountant.

The second characteristic, that of Recording, needs no explanation other than that the system of recording data requires that systematic, sensible and simple means be practised.

The third characteristic, the Analytical or Interpretive part of a cost system requires that the data and figures accumulated, be made available in such form that a thorough insight into the various aspects of manufacturing for a certain period be made possible for those Executives concerned in the utilizing of this information, and in this respect also, all the important features may be put into chart form. Many ways of preparing and assembling data are resorted to, but no matter what shape it assumes it should be simple and comprehensible, for the simple reason that if this data is well defined in its simplicity it cannot

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help but have the effect of **compelling** an Executive to think out his future plans and policies with a lucidity that would otherwise be impossible of accomplishment. Some Cost Accountants hold the opinion that if the means of making an analysis are supplied to an Executive, the latter should be the one to assume the duties of analyst. This does not always hold; there is no reason why a Cost Accountant should not make his own analysis and illustrate the resultant findings at the same time that he submits his figures; one will bear out the other. It is quite simple for a Cost Accountant to determine from the complete data he compiles from month to month the cost of idle time to a business. This could be arrived at as distinct from the production of goods; this idle time could again be segregated into **necessary** idleness and **avoidable** idleness, a very important factor in cost accounting which may have a distinct bearing on an Executive's plans for eliminating unnecessary idleness on future occasions. Then, again, he could illustrate what influence idleness has upon costs which would be of inestimable value in the directing of a Management's future policy of carrying on business. All of the foregoing examples are what management require, items which are not always fully appreciated or understood by them until they are supplied with concrete data on the subject.

What does all this mean? It means simply this, that if a Cost Accountant is capable of installing a cost system, and maintaining it so that it is possible to make use of the results as a means towards encouraging an intelligent desire for constructive thinking and analytical study, he is also competent in using the data thus employed for informative requirements in his own concern, in such a direction that it will prove of educational value were it added to and combined with data submitted by Cost Accountants of similar manufacturing concerns. It is exactly this attitude of co-operation that I would like to inculcate into the minds of my fellow Cost Accountants. The industry will surely be thoroughly organized in this respect some time in the future, and if we could only make an effort now in formulating some way of co-operating with each other in this matter of cost finding, when our differences in the principles employed in our methods of computing costs could be discussed and settled, I feel sure that we should be making a step in the right direction.

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I am fully convinced that as Cost Accountants we have been far too content in merely turning out reports and statements which may possibly have met with a mediocre success insofar as they may have benefited our individual concerns, but it is our duty to carry their usefulness further afield.

The needs of industry are very similar in many respects to those of individual plants; for instance, you very seldom see an Executive of a concern turning grey-haired because the cost returns are not completed on time, but wait until orders fall off through competitors securing orders on a price basis, he is after the returns on all fours; he waits until the plant comes to a standstill before he wakes up to the fact that costs really matter after all! The same thing applies to the lithographing industry at present; orders are fairly plentiful, we do not grumble so long as we are in receipt of a fair share of the business, immediate business prospects seem satisfactory, and, like Mark Tapley, we are happy and contented with our lot. Unfortunately, prosperity does not continue forever, periods of depression are sure to come, some will be of longer duration than others, and it is during these periods of depression that those firms whose costing systems are founded on sound fundamental principles that will be better able to withstand the lull in business.

In closing allow me to say that everything as treated upon in this discourse is something most of you have heard related before; but merely listening to an expression of views without making an effort to assimilate their meaning is surely a waste of time and cannot be productive of any desirable results.

Let me leave you with this thought, that if as Cost Accountants you consider your duty as being completely fulfilled by the services you render to your individual concerns, then your view of the real field of cost accounting is inadequate and you may yet be found crying in a wilderness.

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MOVEMENT OF PRODUCTION COSTS

PRODUCTION costs on the whole show little change this year to date. Capital, both for permanent investment and for temporary loans, continues to be plentiful, and interest rates on investment securities have gone down slightly since the beginning of the year. On refunding of loans, or on new loans made, this means reduced burden charges.

Wage revisions have been few, but they have been mostly upward—a reflection of the activity of business and the healthy demand for skilled employees.

Goods for consumption are practically unchanged, but raw materials and other commodities entering into production have moved upward a little. Grains, fruits and vegetables show considerable advances. The drop in rubber is a notable exception.

Thus the spread between cost of raw materials and prices received for finished products has been narrowed a little more; this has to be made up by increased efficiency in manufacturing and distribution.

INDEX NUMBERS OF COMMODITY PRICES, CLASSIFIED ACCORDING TO THEIR CHIEF COMPONENT MATERIAL (Average for 1913—100)

	1927 Mar.	1927 Dec.	1928 Mar.
Vegetable Products	159.8	156.8	164.2
Animals and Their Products	139.6	149.6	145.0
Fibres, Textiles and Their Products	152.7	171.0	170.8
Wood, Wood Products and Paper	154.0	154.4	154.7
Iron and its Products	144.6	141.7	141.7
Non-ferrous Metals and Their Products.....	95.5	95.7	94.1
Non-metallic Minerals and Their Products..	172.3	170.2	170.1
Chemicals and Allied Products	155.4	151.0	150.3
All Commodities	149.1	151.8	152.8

INDEX NUMBERS OF COMMODITIES, CLASSIFIED ACCORDING TO PURPOSE (Average for 1913—100)

	1927 Mar.	1927 Dec.	1928 Mar.
Foods, Beverages and Tobacco	152.1	155.6	154.4
Other Consumers' Goods	154.8	152.9	153.6
All Consumers' Goods	153.3	154.4	154.1
Producers' Equipment	177.2	175.4	175.2
Producers' Materials	140.8	143.9	147.2
Building and Construction Materials	147.3	147.8	147.8
Manufacturers' Materials	139.3	143.0	147.0
All Producers' Goods	144.3	147.0	149.9
All Commodities	149.1	151.8	152.8

CHAPTER NOTES

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TORONTO

About twenty-five members of our Chapter responded to an invitation to visit the plant of the Canadian Kodak Company, Ltd., on the afternoon of April 26th, through the courtesy of J. W. Spence, a member of our Executive. The plant certainly proved a lesson in organization and efficiency, which thoroughly impressed those who were present. Through the courtesy of the company, several copies of the group photograph which was taken are available; those who would like one please communicate with the secretary of Toronto Chapter.

MONTREAL

Montreal's current year was brought to a close by a very successful Dinner held at the Windsor Hotel on Thursday evening, April 12th. A formidable array of notables graced the lengthy expanse of the head table and a large number of members and friends filled the main body of the Salon, and all enjoyed the results of the culinary experts who catered to the most fastidious.

The first speaker of the evening, Dr. L. E. Beaulieu, K.C., senior member of a prominent legal firm of this City, attended the dinner at considerable sacrifice to himself. His paper, which was read by his partner, Mr. Gouin, son of Sir Lomer Gouin, dealt very thoroughly with the development, advantages and advisability of "Tribunals of Commerce." Dr. Beaulieu expressed himself as being strongly in favour of the establishing of this form of commercial court in this new land, following its very successful development in Europe, more particularly in the various parts of France.

Professor W. W. Goforth, B.A., of the Department of Economics, McGill University, stated the reasons which influenced him to favour the carrying out of the proposed developments of the St. Lawrence Waterways. He advised a most careful study of all the economic and political aspects of the proposition, emphasizing the importance of retaining under Canadian Control the full share of Canada's interest

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in this valuable asset. He believed, however, that the development was inevitable, and that when it did come the balance of advantage would rest distinctly with Canada.

Well received musical selections interspersed the remarks of the Chairman and speakers during the evening.

HAMILTON

Hamilton Chapter closed the season with an exceptionally happy gathering—its annual dinner at the Wentworth Arms Hotel on Thursday evening, April 26th. There were about fifty present, including four from Toronto. After a good meal and some songs, R. E. Love opened the proceedings with a brief review of the year's progress, and then turned the meeting over to the new Chairman, S. E. LeBrocq. Mr. LeBrocq expressed his hopes that the growth of the Chapter could be maintained.

The main speaker of the evening was J. G. Gauld, formerly Judge of the Wentworth County Court, and now president of United Fuel Investments, Ltd. Mr. Gauld gave an address that was notable for its wit, if not for its lessons in cost accounting.

A presentation was made to M. I. Long, C.A., who as secretary-treasurer of the Chapter has done much towards building it up to its present size.

MEMBERSHIP

The following names should have appeared in the membership list published in our March number:

Toronto (Senior)

C. P. Roberts, C.A., J. P. Langley & Company, Toronto.

Montreal (Senior)

W. M. Wilson, Northern Electric Company, Montreal.

Montreal (Junior)

L. Rhodes, Consolidated Lithograph Manufacturing Co. Ltd., Montreal.

The following are new members, who have joined since March 1st:

(Senior)

J. L. Edwards, Dominion Paper Box Company, Ltd., Toronto.

G. F. Leaver, C.A., 15 Wellington Street West, Toronto.

F. S. Vanstone, C.A., 15 Wellington Street West, Toronto.

James K. Pollack, Northern Electric Company, Montreal.

